

Message Text

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15
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 AGRE-00 L-03 ITC-01 SS-15

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TO SECSTATE WASHDC 7442
INFO AMEMBASSY BERLIN
USEC BRUSSELS 300
AMEMBASSY BUCHAREST
AMEMBASSY MOSCOW
USMISSION NATO
AMEMBASSY PARGUE
AMEMBASSY SOFIA
AMEMBASSY WARSAW

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E.O. 11652: N/A
TAGS: EEC, COMECON, EEWT, ETRD, HU
SUBJ: EC-CEMA RELATIONS

REF: EC BRUSSELS 11608

1. ECONOFF DISCUSSED HUNGARIAN REACTION TO EC REPLY
TO CEMA INITIATIVE WITH MINISTERIAL COUNCIL ECONOMIC
ADVISOR RESPONSIBLE FOR HUNGARY'S ECONOMIC RELATIONS
WITH DEVELOPED WEST.

2. SOURCE, NORMALLY VERY FORTHCOMING, WAS GUARDED.
MAGYARS, HE SIAD, RECOGNIZED THAT EC IS A FACT OF LIFE
WHICH HAS A SIGNIFICANT IMPACT ON HUNGARY. FOR EXAMPLE,
ROMANIAN TEXTILE AGREEMENT WITH EC, HUNGARIAN "ACCEPTANCE"
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OF EC BEEF RESTRICTIONS AND (MEMBER STATE) QR'S CANNOT

BE IGNORED.

3. IN NUT SHELL ALTERNATIVES FOR CEMA ARE: (A) FOR CEMA TO CAPITULATE (I.E., ACCEPT BILATERAL TRADE AGREEMENTS WITH EC ITSELF); (B) PLAY ALONG WITH CURRENT STATUS QUO; OR (C) COMPLETELY REORGANIZE CEMA TO GIVE IT SAME SCOPE AND AUTHORITY AS EC.

4. THE ECONOMIST WOULD NOT SPECULATE AS TO WHICH COURSE WAS MOST LIKELY, BUT HINTED THAT HUNGARY WOULD OPT FOR "B", I.E., PRESERVATION OF STATUS QUO, FOR TIME BEING. HUNGARIANS CURRENTLY RECONCILING VARIOUS TRANSLATIONS (RUSSIAN, FRENCH AND ENGLISH) OF EC REPLY SO THAT HIGHEST LEVELS OF GOH GOVERNMENT CAN STUDY EC ANSWER.

5. COMMENT: SOURCE'S UNCHARACTERISTIC RELUCTANCE TO DISCUSS IN DETAIL HUNGARIAN REACTION MOST UNUSUAL. HE WAS (UNDERSTANDABLY) UNWILLING TO TALK ABOUT PROBABILITY THAT EC REPLY COULD LEAD TO STRENGTHENING OF CEMA. IT IS OBVIOUS THAT THIS IS HIGHLY SENSITIVE ISSUE WITHIN GOH, AND THAT HUNGARY FEARS EC REPLY MAY GIVE SOVIETS EXCUSE THEY NEED TO INVEST CEMA WITH EVEN MORE AUTHORITY THAN IT NOW HAS.

MUDD

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